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MEMORANDUM FOR THE RECORD

SUBJECT: Amendment No. 8, Contract No. A-101, The Hanscomb-Edridge Corporation - Project [REDACTED] (AQUATONE)

1. This memorandum contains a recommendation submitted for approval of the Director of Central Intelligence. Such recommendation is set forth in Paragraph 7.

2. Basic Contract No. A-101, and Amendments Numbers 1-7 inclusive, provide for R&D on Systems 1, 2, and 3 and associated equipments, production of System 1 and associated equipments, limited production of Systems 2 and 3 and associated equipments, and for a study phase only on System 4. In addition certain training of Government personnel is provided for, as well as certain test and evaluation costs, modification costs and material costs.

3. Amendment No. 8 to Contract No. A-101 substitutes a new schedule in the contract which restates the work previously contracted for and adds new work. The pertinent points in the revised schedule are as follows:

- a. System 1: Minor adjustments made.
- b. System 2: Production requirements finalized for AQUATONE.
[REDACTED] and other Communications Division requirements set forth. Additional requirements will be forthcoming in FY-57.
- c. System 3: Production requirements finalized for AQUATONE.
[REDACTED] requirements set forth. Additional requirements will be forthcoming in FY-57.
- d. System 4: R&D phase initiated.
Partial production requirements set forth.
- e. Ground evaluation equipment - Systems 1 and 3: Production requirements finalized.

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- f. Ground evaluation equipment - System 4: R&E phase on duping and analysis equipment initiated. Ampex equipment for later production requirement provided for. Procurement of long lead time items for subsequent production provided for.
- g. Training of Communications Division Personnel: No change in basic costs.
- h. Support Requirements FAX, Depot Spares, SLOK:
 - (1) System 1 - Minor adjustments made.
 - (2) System 2 - Contractor's recommendations requested.
 - (3) System 3 - Contractor's recommendations requested.
 - (4) System 4 - Contractor's recommendations requested.
- i. Support Requirements - Test Sites: No change.
- j. Equipment Redesign, Modification, Retrofit and Repairs: Provision made for these services. Contractor requested to submit firm estimates as these services are required.
- k. Other Services: Provision made for consultants, technical representatives and overseas personnel. Contractor requested to submit firm estimates.
- l. Material requirements set forth.

4. Further amendments to Contract No. A-101 will be necessary,, including additional R&D costs on Systems 2 and 3. Spare parts (30 day and 180 day) and the Special List of Equipment for Systems 2, 3 and 4 must be procured after recommendations from the Contractor are received and evaluated. Production of ground evaluation equipment for System 4 must be initiated when Contractor's proposal is received and requirements are established. Additional production units of System 4 must be contracted for in the event more than six units are required. Project and Communications Division visualize additional units of System 2 and System 3 equipments in Fiscal Year 1957. Equipment modification and repair and personnel services of Contractor's representatives will also require additional funds.

5. Contract No. A-101, through Amendment No. 8, obligates a total of \$10,410,411 (cost of \$9,617,006; fee of \$793,405). Amendment No. 7 obligated a total of \$3,821,303 (cost of \$3,585,500; fee of \$235,803). Consequently, this Amendment No. 8 obligates an additional amount of \$6,529,108 (cost of \$6,031,508; fee of \$497,600).

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6. Of the additional amount of \$6,529,108 obligated by this Amendment No. 8, the sum of \$506,000 is chargeable to Office of Communications funds, allotment #6-7995-50. The balance of \$6,023,108 is chargeable to Project AQUATONE.

7. Approval of the DCI of signature of Amendment No. 8 by the authorized Project Contracting Officer is recommended.

RICHARD W. BISSELL, JR.
Project Director

CONCURRENCES:

General Counsel

Project Comptroller

Recommendation of Paragraph 7 approved:

ALLEN W. DULLES
Director of Central Intelligence

Enclosures:
Appendix I - IV

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APPENDIX I

Contract No. A-101
Amendment No. 8 Computations
Based On
Schedule (Revised May, 1956)
And Attached Appendix I

A. ELECTRONIC SYSTEM NO. 1 REQUIREMENTS

1. Pre-production Phase:

2. Production Phase - Equipment Requirement No. 1:

<u>Reference</u>	<u>Proposed Cost</u>	<u>Actual Contract Cost Amount - Amendment 8</u>
CMCC Doc. No. 151.602 and encl.	\$286,000	
CMCC Doc. No. 151.628 and encl.	41,965	
CMCC Doc. No. 151.806 and encl.	143,285	
CMCC Doc. No. 151.806 and encl.	87,171	
CMCC Doc. No. 151.705 and encl.	9,400	
CMCC Doc. No. 151X5.21	(34,025)	
CMCC Doc. No. 151X5.21	<u>11,227</u>	
Total	<u>\$545,023</u>	545,023

3. Production Phase - Equipment Requirement No. 2:

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 151.629 and encl. as amended	\$389,088	
Total	<u>\$389,088</u>	389,088
	<u>Total System 1</u>	<u>\$934,111</u>

B. ELECTRONIC SYSTEM NO. 2 REQUIREMENTS

1. Pre-production Phase:

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 151.613	\$ 60,000	
CMCC Doc. No. 113.1 and encl.	735,803	
CMCC Doc. No. 151.808 and encl.	624,341	
CMCC Doc. No. 151.808 and encl.	<u>(60,000)</u>	
Total	<u>\$1,360,144</u>	\$1,360,144

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SECRET**2. Production Phase - Equipment Requirement No. 1:**

<u>Reference</u>	<u>Proposed Cost</u>	<u>Actual Contract Cost Amount</u>
CMCC Doc. No. 151X5.35 & encl.	(see below)	
25 Airborne systems @ \$45,463	\$1,136,575	
12 Ground Systems @ \$50,899	610,788	
10 Guard Sets @ (est) \$24,000	240,000	
13 Test Sets @ (est) \$30,000	390,000	
4 Sets Special Equipment @ (est) \$15,000	60,000	
Crystals (est) \$22,100	<u>22,100</u>	
Total	<u>\$2,459,463</u>	2,459,463

3. Production Phase - Equipment Requirement No. 2:

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 151X5.35 & encl.	(see below)	
4 Airborne systems @ \$45,463	\$ 181,852	
Spares, Crystal Bands, Power conversion (est)	<u>56,485</u>	
Total	\$ 238,337	
4 Airborne sets @ \$45,463	<u>181,852</u>	
Total	<u>\$ 420,189</u>	<u>420,189</u>
	<u>Total System 2</u>	<u>\$4,239,756</u>

C. ELECTRONIC SYSTEM NO. 3 REQUIREMENTS**1. Pre-production Phase:**

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc No. 151.614	\$ 45,000	
CMCC Doc. No. 113.2 & encl.	372,210	
CMCC Doc. No. 151.808 & encl.	<u>(45,000)</u>	
Total	\$ 372,210	372,200
CMCC Doc. No. 1132X5.14	\$ 109,893	109,893

2. Production Phase - Equipment Requirement No. 1:

<u>Reference</u>	<u>Proposed Cost</u>
CMCC Doc. No. 151X5.4 & encl.	(see below)

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<u>Reference</u>	<u>Proposal Cost</u>	<u>Actual Contract Cost Amount</u>
21 Systems @ \$10,858	\$ 228,018	
25 Sets Cabling @ \$ 340	8,500	
21 Antennas installed (to be submitted)		
4 Test sets @ \$ 3,296	13,184	
50 Instruction Handbooks	<u>15,440</u>	
Total	\$ 265,142	265,142

3. Production Phase - Equipment Requirement No. 2:

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151X5.4 & encl.	(see below)	
4 Systems (less antennas) @ \$10,858	\$ 43,432	<u>43,432</u>
Total System 3		<u>\$ 790,667</u>

D. ELECTRONIC SYSTEM NO. 4 REQUIREMENTS**1. Pre-production Phase:**

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151.634	\$ 50,000	
CMCC Doc. No. 151X5.18	50,000	
CMCC Doc. No. 151X5.99 & encl.	<u>1,338,097</u>	
Total	\$1,438,097	\$1,438,097

2. Production Phase - Equipment Requirement No. 1:

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151X5.99 & encl.	(see below)	
5 Systems @ \$250,000 (est)	\$1,250,000	<u>1,250,000</u>
Total System 4		<u>\$2,688,097</u>

E. GEOMIC TYPING AND ANALYSIS EQUIPMENT - ELECTRONIC SYSTEMS NOS. 1 & 3**1. Production Phase:**

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151X5.89 & encl.	\$ 252,254	\$ 252,254
Total	<u>\$ 252,254</u>	

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SECRET**2. Production Phase - Equipment Requirement No. 1:**

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 15LX5.89	(see below)	
3 Playback & time marker equipments @ \$8,501.52	\$ 25,505	
3 Re-record & aural equipment @ \$14,992.07	\$ 44,976	
11 Analysis Playback @ \$5,963.27	\$ 65,996	
6 PIF indicators @ \$5,596.11	\$ 33,577	
8 Frequency indicators @ \$4,172.08	\$ 33,377	
12 Event markers @ \$5,181.94	<u>\$ 62,181</u>	
Total	\$265,214	<u>\$265,214</u>
Total — Dup. & Analysis Sys. 1 & 3		<u>\$517,468</u>

F. GROUND DUPING AND ANALYSIS EQUIPMENT - ELECTRONIC SYSTEM NO. 4**1. Pre-production Phase:**

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 15LX5.89 & encl. (F.l.a. & b.)	\$ 77,279	
Purchase of Ampex units for 5 systems (est.)	<u>25,000</u>	
Total	<u>\$102,279</u>	102,279

2. Production Phase:

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 15LX5.89 & encl.	(see below)	
Purchase of long lead time items for complete system. Firm quantities to be established later based on requirements and Contractor's recommendations (Est)	\$ 50,000	<u>\$ 50,000</u>
Total - Dup. & Analysis Sys. 4		<u>\$152,279</u>

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SECRET**G. TRAINING OF GOVERNMENT PERSONNEL****1. Requirement No. 1:**

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 151.705 & encl.	\$ 24,495	\$ 10,470

2. Requirement No. 2:

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 151X5.3 & encl.	\$ 11,436	<u>11,436</u>
Total Cost of Training		<u>\$ 21,906</u>

H. SUPPORT REQUIREMENTS - FAK, DEPOT SPARES AND SLOE**1. Electronic System No. 1:**

<u>Reference</u>	<u>Proposed Cost</u>	
CMCC Doc. No. 151.772 & encl.	(see below)	
Fly Away Kits	\$ 41,474	
Depot Spares	38,530	
Special List of Equipment	61,455	
G & A	<u>26,877</u>	
Total	\$168,336	
Packaging & Materials	<u>32,996</u>	
	\$201,334	
CMCC Doc. No. 151X5.107	2,668	
Test set quantities adj.	<u>(13,080)</u>	
Total	\$190,912	<u>\$190,912</u>

2. Electronic System No. 2**(To be determined - Contractor's recommendations & estimated costs required).****3. Electronic System No. 3****(To be determined - Contractor's recommendations & estimated costs required).****4. Electronic System No. 4****(To be determined - Contractor's recommendations & estimated costs required).**

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I. SUPPORT REQUIREMENTS - TEST SITES**1. Government's Test Site:**

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151.765	(see below)	
List of Equipment for Sys. 1	\$ 4,629	
List of Add'l Equip. required for System 3	\$ 4,428	
CMCC No. 151X5.113	305	
Total	\$ 9,362	9,362

2. Contractor's Test Site:

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151.758 & encl.	\$ 18,700	<u>18,700</u>
Total		<u>\$28,062</u>

J. FLIGHT TESTING

1. Electronic System No. 1:
2. Electronic System No. 2:

<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151X5.119	\$ 2,695	\$ 2,695
3. Electronic System No. 3: (To be determined)		
4. Electronic System No. 4: (To be determined)		
Total		<u>\$ 2,695</u>

K. EQUIPMENT REDSIGN, MODIFICATIONS, DETROIT & REPAIRS

1. Modifications of F unit, System 1 (est) \$35,000 35,000

L. OTHER SERVICES

(To be determined)

M. SUBCONTRACTING

(To be determined)

N. MATERIAL

1. Magnetic tape as required by the Government.

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<u>Reference</u>	<u>Proposal Cost</u>	
CMCC Doc. No. 151X5.119	\$ 16,015	\$16,015

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Estimated costs to date -	Grand Total	\$ 9,617,008
	Fee @ 8.25%	<u>791,403</u>
Estimated Price thru Amend. No. 8		10,410,411
Total Obligation (Cost & Fee) through Amend. No. 7		<u>3,881,303</u>
Additional Obligation - Amend. No. 8		\$ 6,529,108

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APPENDIX II

FUNDING

Additional Obligation Required - Amend. No. 8		\$6,529,108
Other funds to be obligated:		

1. OC-6157, dtd 23 May 1956		
allotment #6-7993-50		
Office of Communications	\$248,000	

2. OC-6158, dtd 23 May 1956		
allotment #6-7993-50		
Office of Communications	<u>258,000</u>	

Total OC Funds	506,000	<u>506,000</u>
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AQUATONE Funds Required for Amend. No. 8		\$6,023,108
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APPENDIX III

Contract No. A-101
Fiscal Year BreakdownFIRM OBLIGATIONS

	Fiscal Year 1955		Fiscal Year 1956		
<u>A-101</u>	<u>Amounts</u>	<u>Comm</u>	<u>Amounts</u>	<u>Comm</u>	<u>Total</u>
Basic Contract	\$ 309,600				
Amend. 1	113,660				
Amend. 2	1,243,740				
Amend. 3		*\$422,175			
Amend. 4	54,175				
Amend. 5			\$ 26,521		
Amend. 6			1,068,860		
Amend. 7			642,572		
<u>Totals</u>	<u>\$1,721,175</u>	<u>*\$422,175</u>	<u>\$1,737,953</u>		<u>\$3,881,303</u>

(*OC-5308, dtd 21 June 1955, allotment account #7995-50)

TO BE OBLIGATED

Amend. 8		\$6,023,108 **\$06,000	<u>6,529,108</u>
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RECAPITULATION

<u>Totals</u>	<u>\$1,721,175</u>	<u>\$422,175</u>	<u>\$7,781,061</u>	<u>**\$06,000</u>	<u>\$10,410,411</u>
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(**OC-6157, dtd 23 May 1956, allotment account
 #6-7995-50, in the amount of - - - - - \$248,000
 OC-6158, dtd 23 May 1956, allotment account
 #6-7995-50, in the amount of - - - - - 258,000
\$506,000)

Distribution:

Orig - A-101 - MASTER
 2 - MASTER
 3 -
 4 -
 5 - Materiel
 6 - Chrono ✓
 7 - Reading

GFK:lmw (21 June 1956)

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21 June 57

Contract No. A-101
 Recapitulation - Basic Contract thru Amend No. 7, plus Addition of Amend No. 8, Restatement of Work, Amend. No. 8

	Brought Forward (Basic thru Amend 7)		(Increase Or (decrease) In Cost	Restated Estimate of Cost
	Cost	Fee		
A. System No. 1	914,895	75,467	19,256	934,111
B. System No. 2	1,810,578	149,372	2,429,218	4,239,796
C. System No. 3	497,781	41,069	292,886	790,667
D. System No. 4	100,045	8,255	2,588,052	2,688,097
E. Exploitation Gear Sys. 1 & 3	-0-	-0-	517,468	517,468
F. Exploitation Gear System 4	-0-	-0-	152,279	152,279
G. Training	35,931	2,965	(14,025)	21,906
H. Support - FAK depot spares & SLOE				
System 1	198,562	16,383	(7,650)	190,912
System 2	-0-	-0-	-0-	-0-
System 3	-0-	-0-	-0-	-0-
System 4	-0-	-0-	-0-	-0-
I. Test Sites	27,748	2,292	314	28,062
J. Flight Testing	-0-	-0-	2,695	2,695
K. Equip. Mods. & Repairs	-0-	-0-	35,000	35,000
L. Other Services	-0-	-0-	-0-	-0-
M. Subcontracting	-0-	-0-	-0-	-0-
N. Material	-0-	-0-	16,015	16,015
Totals	3,585,500	295,803	6,031,508	9,617,008
Total Est. Price	<u>295,803</u>			
	\$3,881,303			
				792,403 (Fee & 8.25%)
				\$10,410,411 (Contract)

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